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Message Text

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SUBJECT: PRESS MATERIAL

1. HEREWITH FULL TEXT BERNARD WEINRAUB BY-LINER, NEU YORK TIMES THURSDAY JUNE 23, HEADED "US REBUFFS ISRAEL ON JOINT ARMS DEAL"

2. WASHINGTON, JUNE 22--THE DEFENSE DEPARTMENT, CITING ,SECURITY REASONS," HAS ABRUPTLY TURNED DOWN A PROPOSAL FOR THE CO-PRODUCTION BY AN AMERICAN CONCERN AND ONE IN ISRAEL OF AN ELABORATE MILITARY COMMUNICATIONS SYSTEM.

3. IN BLOCKING THE ISRAELI PROPOSAL, THE PENTAGON IS NOW LEANING TOWARD SUCH AN ARRANGEMENT WITH BRITAIN FOR SIMILAR EQUIPMENT, ACCORDING TO GOVERNMENT OFFICIALS.

4. THE ADMINISTRATION'S DECISION HAS ANGERED THE ISRAELI GOVERNMENT AS WELL AS CONGRESSIONAL SUPPORTERS OF ISRAEL,
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WHO VIEW THE MOVE AS PART OF AN ADMINISTRATION POLICY TO BLOCK CO-DEVELOPMENT AND CO-PRODUCTION DEALS ;ITH ISRAEL.

5. THESE MEMBERS OF CONGRESS, WHO HAVE RAISED THE CASE WITH PRESIDENT CARTER, HAVE CHARGED THAT THE SECURITY ISSUE WAS A LAME EXCUSE, AND THAT ADMINISTRATION OFFICIALS

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WITHIN THE STATE AND DEFENSE DEPARTMENTS WERE BLOCK-
ING SEVERAL KEY REQUESTS BY ISRAEL FOR CO-PRODUCTION
ARRANGEMENTS, PARTLY IN AN EFFORT TO PRESSURE THE
ISRAELIS TO WITHDRAW TO THE PRE-1967 BOUNDARIES AND
SURRENDER OCCUPIED TERRITORIES.

6. INITIALLY, THE TACTICAL MILITARY COMMUNICATIONS
EQUIPMENT WAS TO HAVE BEEN DEVELOPED AND PRODUCED BY
AN AMERICAN COMPANY, THE SYLVANIA ELECTRONICS SYSTEMS
GROUP, AND AN ISRAELI CONCERN, TADIRAN ISRAEL ELECTRONICS
INDUSTRIES LTD. SYLVANIA IS A SUBSIDIARY OF THE GENERAL
TELEPHONE AND ELECTRONICS COMPANY, WHICH ALSO IS A
PART OWNER OF THE ISRAELI COMPANY.

7. ACCORDING TO GOVERNMENT OFFICIALS, THE TWO COM-
PANIES HAD REACHED AN "UNDERSTANDING" WITH THE DEFENSE
DEPARTMENT TO START DEVELOPMENT OF THE COMMUNICATIONS
SYSTEM UNDER WHICH SYLVANIA, AS AN AMERICAN COMPANY
WITH SECURITY CLEARANCES, WOULD HANDLE ALL "CLASSI-
FIED ELEMENTS," OF THE PROGRAM.

8. AT THE END OF MARCH, HOWEVER, SYLVANIA OFFICIALS
WERE CALLED TO THE PENTAGON AND INFORMED BY THE DEFENSE
DEPARTMENT'S RESEARCH ARM, THE DIRECTORATE OF DEFENSE
RESEARCH AND ENGINEERING, THAT A BID ON THE COMMUNICA-
TIONS SYSTEMS WAS "OUT OF THE QUESTION" BECAUSE OF
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ISRAEL'S PARTICIPATION IN IT, THE GOVERNMENT OFFICIAL
SAID.

9. AT THE SAME MEETING, GOVERNMENT OFFICIALS SAID,
THE SYLVANIA OFFICIALS WERE TOLD BY A SENIOR PENTAGON
AIDE "NOT TO DO BUSINESS WITH ISRAEL." PRESIDENT CARTER
WAS INFORMED OF THIS STATEMENT LAST MONTH AT A WHITE
HOSUE MEETING WITH SEVERAL KEY CONGRESSIONAL SUPPORTERS
OF ISRAEL. THE AIDE REPORTEDLY WAS NOT NAMED AT THE
MEETING.

10. PENTAGON OFFICIALS SAID TODAY THAT A DESIRE TO
ACCELERATE THE STANDARDIZATION OF WEAPONS IN THE NORTH
ATLANTIC TREATY ORGANIZATION WAS THE MAJOR REASON FOR
BACKING OUT OF THE DEAL WITH THE ISRAELI COMPANY AND FOR
THE POSSIBILITY OF A SIMILAR ARRANGEMENT WITH A BRITISH
COMPANY, THE ONLY OTHER BIDDER ON THE EQUIPMENT IN
QUESTION.

11. A PENTAGON OFFICIAL POINTED OUT THAT THE UNITED
STATES RECENTLY SIGNED A "MEMORANDUM OF UNDERSTANDING,"
WITH BRITAIN, AND ANOTHER WITH CANADA, TO SPUR JOINT

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DEVELOPMENT OF WEAPONS. THE OFFICIAL ADDED THAT THESE WERE TWO SPECIAL BILATERAL ARRANGEMENTS, AND INDICATED THAT SIMILAR AGREEMENTS WERE IN THE WORKS WITH OTHER NATO ALLIES, SUCH AS WEST GERMANY, THE NETHERLANDS AND DENMARK.

12. AT A MEETING LAST MONTH WITH PRESIDENT CARTER, SEVERAL PROMINENT CONGRESSIONAL SUPPORTERS OF ISRAEL, AMONG THEM SENATORS HUBERT H. HUMPHREY, DEMOCRAT OF MINNESOTA, AND CLIFFORD P. CASE, REPUBLICAN OF NEW JERSEY, PRESENTED THE PRESIDENT WITH A MEMORANDUM THAT CITED VARIOUS REQUESTS BY ISRAEL FOR JOINT PRODUCTION ARRANGEMENTS THAT HAD BEEN TURNED DOWN.
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13. THESE INCLUDED ISRAEL'S REQUEST TO MANUFACTURE COMPONENTS FOR THE F-15 EAGLE FIGHTER, A REQUEST TO CO-DEVELOP THE NEW ISRAELI CHARIOT TANK, A REQUEST, STILL IN ABEYANCE, FOR ISRAELI CO-PRODUCTION RIGHTS FOR THE F-16 FIGHTER, AND A REQUEST FOR JOINT HYDROFOIL PRODUCTION WITH THE UNITED STATES. END TEXT CHRISTOPHER

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